

## HEALTH CARE SPENDING INCREASED TO \$28.8 BILLION IN 2004

BALTIMORE, MD (January 19, 2006) – State Health Care Expenditures: Experience from 2004, an annual report that contains information on health care expenditures for Maryland residents by public and private sources during calendar year 2004, was released today by Maryland Health Care Commission (MHCC) chairman Stephen J. Salamon. Mandated by health care reform legislation passed in 1993, this is MHCC's eleventh analysis of health care spending in Maryland.

### Major findings include:

- Maryland health care spending grew to \$28.8 billion, up by about \$1.9 billion, or 7 percent from 2003.
- This report shows that the rate of growth in health care spending for Maryland residents continued to slow in 2004. The lower growth rate continues the slowing trend first identified two years ago. The rate of growth in health care spending continues to surpass growth in broader economic measures, although the gap between growth in health care spending and growth in personal income was the smallest since the 1990s.
- Among the major categories of spending (hospital, physician, and prescription drug), hospital outpatient services (10 percent), and hospital inpatient services (nine percent) had the highest increases in spending; prescription drugs (six percent), and physician services (five percent). Of the smaller sectors, home health increased 13 percent by followed by nursing home care (7 percent), and other professional services (6 percent).
- Hospital inpatient and outpatient spending, which totals \$9.6 billion in 2004 accounted for 46 percent of the \$1.9 billion in new spending.
- Medicare (20 percent) and Medicaid (18 percent) account for 38 percent of total health care spending, compared to 39 percent paid by private insurance arrangements – including commercial insurance, health maintenance organizations (HMOs) and self-insured employer health plans.
- Consumer spending out-of-pocket (including coinsurance, co-payments, deductibles, and full direct payments), increased six percent in 2004, slightly less than the five percent rate of growth in private insurance spending.
- Payer administrative expenses and the net cost of insurance declined significantly in 2004. This decline may signal a change in the trend for administrative expenses, which had grown rapidly in the 2002-2003 period.

For questions regarding the report, please contact Mr. Ben Steffen, Deputy Director for Data Systems & Analysis at 410-764-3570 or [bsteffen@mhcc.state.md.us](mailto:bsteffen@mhcc.state.md.us).

**The complete report is available on the MHCC web site under <http://www.mhcc.maryland.gov>  
Please call 410-764-3570 for a hard copy.**